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SUMMARY RECORD OF THE 34th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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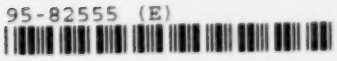

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The meeting was called to order at 10.15 a.m.

AGENDA ITEM 121: UNITED NATIONS COMMON SYSTEM (continued) (A/50/30; A/C.5/50/5, A/C.5/50/11, A/C.5/50/23, A/C.5/50/24 and Corr.1 and A/C.5/50/29)

1. Mr. FOWLER (Canada) said that his delegation would appreciate further information on the changes in the methodology used to compare the common system with the comparator. It did not agree with the decision by the International Civil Service Commission (ICSC) to calculate the margin by using a method of equal weighting. The dominance of the General Schedule scale in the United States was an essential feature of the comparator, and to distort it, as ICSC had done, undermined the basis for comparison. Moreover, the Commission had failed to apply the same approach to Germany as a potential comparator. The same methodology must be applied to prospective comparators if a valid comparison was to be made. His delegation also disagreed with the decision to include bonuses in the methodology.

2. The post adjustment system operated not only to compensate for price differentials between duty stations but also as a cost-of-living adjustment mechanism. Since New York was the base city, increases in the New York post adjustment index should not be automatic but should require General Assembly approval. In the current circumstances an adjustment was not justifiable.

3. The fundamental difference over the grade equivalency study and remuneration comparisons between ICSC and Germany must be resolved before action could be taken on the study. His delegation felt strongly that many Secretariat positions were overclassified in comparison with the Canadian system. A comprehensive review of post classifications and classification standards should take place before there was any change of comparator or any increase in base salaries. An outside consultant could be used to ensure impartiality.

4. It was time to review the Noblemaire and Flemming principles and the way they were used to determine United Nations salaries. The current system produced significant anomalies and there appeared to be little benefit from promotion. The problems of inefficiency, ineffectiveness, insufficient accountability and responsibility must be addressed before any adjustments to the salary scale were considered. The current proposals would result in across-the-board increases to excellent performers and underperformers alike.

5. His delegation had seen no significant evidence of recruitment and retention problems, despite the claim that the Organization was an uncompetitive employer. It wished to know, for the past three years, for each category level, and for the system as a whole, how many employees had been lost to higher paying employers and how many vacancy announcements had failed to obtain a response from qualified applicants. Salary increases should be considered only for categories that were clearly uncompetitive; special occupational groups and pay scales might be established. The question of whether the system was competitive in terms of performance in comparison with the private sector, non-governmental organizations and Member States must also be considered.

6. His delegation did not support the proposals that ICSC should be transformed into a tripartite body. That would make it a representative forum. The Commission should remain a technical and advisory body.

7. Once the United Nations system had completed its rationalization and restructuring, it might be time to look at the overall remuneration package, including the high differentials which existed for staff in the lower grades. Until that time his delegation was in favour of a complete freeze on United Nations salaries, particularly since the Canadian civil service was subject to a pay freeze. Acceptance of the ICSC recommendations would have a negative impact across the whole system in terms of programme delivery since most organizations had already adopted their budgets for the next two years. That was not acceptable: ever scarcer funds should be spent on programmes.

8. The Commission had made its recommendations from a technical standpoint without considering real world factors. The Committee must now take into account other factors such as the financial crisis. It was difficult to see how a salary increase could be considered in an Organization which had been declared bankrupt by its chief administrative officer and which had suspended reimbursement to troop contributors. Given the desperate shortage of cash, his delegation was unable to support the recommendations of ICSC.

9. Mr. ALOM (Bangladesh) said that the creation of an appropriate human resources environment was crucial to ensuring efficiency. He welcomed the continued efforts to enhance cost-effectiveness, administrative efficiency and accountability, and to eliminate duplication. The role of ICSC was paramount in that regard, and his delegation had full confidence in the Commission. With regard to the proposals concerning the restructuring of ICSC, he welcomed efforts to promote a more transparent and more participatory and consultative process. In that connection, he regretted the boycott of the Commission by the staff associations. The active participation of all parties was clearly beneficial to the system as a whole.

10. His delegation supported the United Nations common system as a coherent framework for system management. In order to be more productive, the system should be restructured so as to be able to respond readily to new situations and improve cost-effectiveness.

11. Competitive working conditions must also be upheld to maintain competence and to attract new staff. The Noblemaire principle remained the most rational basis for the determination of conditions of service, and it was unfortunate that ICSC had yet to complete its study on the subject; he hoped that it would be available before the beginning of the fifty-first session. His delegation concurred in principle with the Commission's recommendation that the General Assembly might wish to reconfirm the applicability of the Noblemaire principle based upon the use of periodic checks to determine the highest-paid civil service and the use of a margin range that was appropriate in relation to the value of expatriate benefits (A/50/30, para. 89 (b)).

12. His delegation looked forward to a constructive discussion of the Commission's recommendations regarding the competitiveness of conditions of

service. That debate would, of course, be academic unless Member States paid their assessed contributions.

13. Mr. JULL (Australia) said that there was a need for a competitive international service and for ongoing personnel rationalization and reform. A central priority of the common system was the maintenance of a framework which offered competitive conditions of service, had the capacity to attract and retain staff of the necessary calibre and the flexibility to respond to the needs of particular agencies and demanded and rewarded excellence in accordance with Article 101 of the Charter, which called for the highest standards of efficiency, competence, and integrity. His delegation was not, however, convinced that the common system was uncompetitive, and was not aware of widespread recruitment and retention problems. In the light of the divergent views on the subject, however, it might be appropriate for recruitment and retention trends to be monitored.

14. The issue of remuneration could not be separated from enhanced productivity. The system must achieve more with fewer human resources, through improved performance management and administrative reform. Much still remained to be done in terms of human resources reform within the common system, and it would therefore be premature to reward common system employees with a substantial salary increase.

15. With respect to the margin methodology, his delegation disagreed with the adoption of equal weights for the various United States pay scales instead of a weighted average based on the number of employees in each pay scale. Moreover, the inclusion of bonuses and performance awards in the determination of the salary margin appeared peculiar at best. Accordingly, his delegation could not accept the Commission's recommendation for a weighted average salary increase of approximately 9.2 per cent. A modest increase of 3.1 per cent in net base/floor salary to reflect the comparator's gross salary adjustment of 1 January 1995 would, however, be acceptable. His delegation supported the concept of specialist remuneration categories.

16. The Charter requirement that conditions of service should be such as to secure staff of the highest calibre remained a constant, although his delegation did not think it necessary to offer the most attractive conditions of service in order to recruit the best human resources. Such intangible factors as prestige and the opportunity to influence world affairs should not be underestimated. Administrative reform within the system would enhance the perception that the United Nations system offered significant job satisfaction. The Secretary-General should therefore accelerate the establishment of a long-term strategy which would ensure that conditions of service in the common system fully reflected the global labour market.

17. With respect to the proposals for the reform of ICSC, his delegation valued the Commission's independence and impartiality. Any recommendation should be considered from that perspective. The Commission should, however, continue to pursue reform in order to carry out its mandates effectively and efficiently.

18. Mr. SHIN (Republic of Korea) said that his delegation, which was firmly convinced that a qualified and dedicated staff formed the backbone of any

successful organization, agreed with the Secretary-General's view that the United Nations must strive to develop its human resources by maintaining competitiveness in all areas of employment.

19. With regard to the report of ICSC (A/50/30), he said that his delegation recognized the value of the Noblemaire principle and appreciated the Commission's efforts to review the issue of margin management. In view of the finding that the remuneration packages offered to the staff of the Bretton Woods institutions and the Organisation for Economic Cooperation and Development and to the national civil services of Germany and Switzerland were better than those offered to the federal civil service of the United States of America, the current comparator, appropriate action should be taken to ensure competitive salaries for the international staff of the common system. Issues of performance management and enhanced cost-effectiveness within the United Nations common system should not, however, be overlooked.

20. His delegation regretted that ICSC had made no recommendation regarding the post adjustment system and hoped that recommendations on ways to improve the maintenance and functioning of the system would be submitted to the General Assembly at its fifty-first session.

21. The idea of converting ICSC into a tripartite mechanism should be carefully reviewed. A body which represented interest groups might jeopardize the consultative process unless effective management was ensured. The Commission should retain a distinctly technical character in accordance with article 6 of its statute.

22. His delegation did not support the Secretary-General's decision to suspend permanent and probationary appointments. Young staff members who had been recruited by the United Nations through competitive national examinations and were hoping for permanent contracts after their probationary period would be greatly frustrated by that decision, which would neither improve the short-term cash-flow situation nor contribute to a sound management culture. The decision should therefore be revoked as soon as possible.

23. Mr. BADAL (Nepal) said it was regrettable that the consultative process of ICSC had not been restored. It was to be hoped that all parties concerned would show increased understanding and flexibility in the future.

24. His delegation welcomed the measures taken by ICSC to enhance its effectiveness and to promote transparency of its working methods. It was, however, hesitant about altering the existing structure by introducing a mechanism that was incompatible with the Commission's statute. As an alternative, it suggested that the tenure of members of ICSC should be limited to two full terms; that would allow new members to serve on a rotational basis. Such an arrangement would eventually allay any suspicions of politicization and of perpetual dominance by some members.

25. Expressing support for the Noblemaire principle, he said that his delegation was prepared in principle to accept a change of comparator if the current comparator lagged appreciably behind a potential alternative. That was not yet the case, however. His delegation was not convinced that the existing

United Nations salary structure was the major impediment to recruitment of the best candidates. Moreover, a frequent change of comparators would jeopardize the stability of the system and the idea of a basket of comparators had not yet secured wide support.

26. Compelling reasons would have to be adduced before any change in the methodology for determining the salary structure of the common system could be contemplated. Any rise in salary for United Nations staff should be in line with the current increase of 3.22 per cent in the gross remuneration of the comparator. The Organization's financial situation could not absorb the 9.2 per cent increase that was being recommended. Referring to the adverse impact of the withholding of contributions by some Member States, he said that it was essential to ensure sufficient funds to cover any salary increase and to establish a reliable financial base through palpable reforms, efficiency gains and the abolition of redundancies.

27. Mr. FATTAH (Egypt) noted that the Secretary-General and ICSC concurred in the view that the salaries offered by the organizations of the United Nations common system were no longer competitive in relation to those offered by other international organizations. His delegation fully supported the proposal for an increase in salaries, despite the general trend towards retrenchment, and was ready to adopt the ICSC recommendations, which would bring the current margin to the mid-point of its range and correct imbalances in the salary scale. The additional financial cost to Member States of $38 million for the biennium 1996-1997 was very reasonable if it ensured that the staff continued to meet the highest standards, as required by Article 101 of the Charter.

28. The proposed restructuring of ICSC could alter the very nature of the Commission, by detracting from its independence and impartiality and turning it into a negotiating body representing interest groups. It would also be inconsistent with article 6 of the Commission's statute. His delegation therefore took the view that ICSC should continue to be composed of elected representatives drawn from the entire membership of the Organization but acting in an individual capacity. Ways could be found to accommodate the views of the staff representatives without violating the Commission's statute.

29. Mr. KILO (Cameroon) said his delegation believed that ICSC needed to streamline its complex bureaucracy and take action to improve its effectiveness. It therefore welcomed the Commission's efforts to promote transparency in its working methods and noted with satisfaction the establishment of a consultative process involving representatives of the organizations and of staff.

30. Member States took the view that the conditions of service of United Nations staff should be the fundamental concern of ICSC, especially in the light of Article 101 of the Charter, which demanded the highest standards of efficiency and competence. Moreover, in order to function effectively and smoothly, the Commission should be composed of elected representatives drawn from the membership of the United Nations but acting in an individual capacity.

31. His delegation strongly supported the Noblemaire principle. Although it believed that the time was ripe to question the appropriateness of using the United States federal civil service as the comparator, it was prepared to go

along with a modified form of the current system inasmuch as the salary scale in question was still among the highest in the world. However, it advised ICSC to continue to monitor trends in other civil service salary structures.

32. The Secretary-General had stated unequivocally that the salaries offered by the organizations of the United Nations common system were no longer competitive in relation to those offered by other international organizations and had called for action to redress the situation. His delegation believed that it was incumbent on Member States to provide additional funding for salary increases, despite the financial crisis.

33. Mr. DROZDOV (Ukraine) said that his delegation did not fully agree with the recommendations contained in the report of ICSC (A/50/30). In particular, it disagreed with the Commission's interpretation of the Noblemaire principle, which required that competitive conditions of service should be provided in the organizations of the United Nations system but did not require salaries to keep pace with the highest salary scales in the world. Success in recruiting highly qualified staff and management depended to a large extent on proper recruitment policies in accordance with Article 101 of the Charter. Effective action to attain the desirable ranges designed to ensure equitable geographical representation in the secretariats, including the fair distribution of high-level posts, would go a long way towards solving the problem of a competitive international service. His delegation could not agree with any approach that distorted the essence and impact of the Noblemaire principle and was convinced that the United States federal civil service was the only adequate comparator.

34. The purely arithmetical approach used by ICSC in recommending an increase in remuneration for the Professional and higher categories of staff was questionable. Some delegations, particularly those of the Russian Federation and Canada, had draw attention to methodological errors in that approach which should not be ignored.

35. Following the announcement of a freeze on recruitment, despite the fact that the attraction of new talent was a cornerstone of personnel policy, his delegation was surprised to note that the Secretary-General and other executive heads of organizations of the common system supported the ICSC recommendations for an increase in the remuneration of international civil servants. In view of the current financial crisis and the existing distortions in the scale of assessments, Ukraine was unable to endorse proposals that might result in an increase in expenditure related to its membership of international organizations.

36. His statement should not be viewed as an expression of distrust in the activities of ICSC. His delegation supported the Commission's fundamental role in the United Nations common system as an independent body of experts. However, ICSC should be protected from outside pressure and should not be subject to influence by the constituent bodies of the common system.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (A/50/3 and Add.1 (chapters I, IX, XII and XIV))

37. The CHAIRMAN said that if there was no objection he would take it that the Committee wished to recommend to the General Assembly that it should take note of the chapters of the report of the Economic and Social Council that had been allocated to the Fifth Committee (A/50/3 and Add.1 (chapters I, IX, XII and XIV)).

38. It was so decided.

OTHER MATTERS

39. The CHAIRMAN said that the representative of Spain, speaking on behalf of the European Union at an informal meeting the previous day, had requested that the Legal Counsel should be invited to restate at a formal meeting of the Committee the opinion that he had given at an informal meeting concerning the unilateral decision by the United States of America to reduce its assessed contribution to peace-keeping operations to 25 per cent. If there was no objection, he would take it that the Committee wished to accede to that request.

40. It was so decided.

The meeting rose at 11.25 a.m.